

## Message Text

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11

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-14 ISO-00 SSO-00 NSCE-00

INRE-00 AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06

SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 PA-04 PRS-01

USIE-00 DRC-01 /170 W

----- 044387

O R 060800Z JUN 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC IMMEDIATE 2112

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: IN, SW, IBRD

SUBJECT: WORLD BANK PROPOSAL FOR INDIA DEBT RESCHEDULING

REF: STATE 114620

1. EMBASSY WOULD EXPECT GOS TO AGREE TO IBRD PROPOSAL,  
IF NOT AT 45-PERCENT LEVEL, CERTAINLY AT SOME LOWER LEVEL.

2. BEFORE INDIAN NUCLEAR TEST, GOS MIGHT HAVE BEEN  
PRODIGAL IN ITS WILLINGNESS TO ACCOMODATE INDIA, THE  
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LARGEST SINGLE RECIPIENT OF BILATERAL SWEDISH AID. NOW,

HOWEVER, SWEDEN MAY BE SOMEWHAT TOUGHER ON RESCHEDULING ISSUE THAN ITS LIBERAL WRITE OFF OF INDIAN DEBT SERVICE IN PAST. IN STATEMENT ISSUED MAY 20, PRIME MINISTER PALME SAID THAT TEST REPRESENTS "TERRIBLE MISUSE OF RESOURCES OF A POOR COUNTRY" AND "PUTS A STRAIN ON INTERNATIONAL DEVELOPMENT COLLABORATION". FOREIGN MINISTER SVEN ANDERSSON, ANSWERING PARLIAMENTARY QUESTION ON SUBJECT MAY 30 REPEATED SENTIMENT: "IT IS NATURAL THAT A GREAT PART OF THE WORLD INTERPRETS RECENT TESTS AS A SERIOUS MISUSE OF A POOR COUNTRY'S MANPOWER AND MATERIAL RESOURCES", HE SAID.

3. DESPITE GOS DISPLEASURE AT THE NUCLEAR TEST, EMBASSY WOULD EXPECT SWEDEN TO STICK TO ITS BASIC SUPPORT OF "PROGRESSIVE" INDIAN GOVERNMENT AND GO ALONG WITH FAIRLY LIBERAL RESCHEDULING. GOS IS EVEN PARTICIPATING IN RESCHEDULING OF CHILEAN DEBT DESPITE ITS UNREMITTING CRITICISM OF CHILEAN JUNTA NOW IN POWER. PARTICIPATION IS, AFTER ALL, MATTER OF SELF-INTEREST. IN RESPONSE TO ANOTHER PARLIAMENTARY QUESTION LAST MARCH, COMMERCE MINISTER KJELL-OLOF FELDT SAID THAT AIM OF CHILEAN DEBT-RESCHEDULING NEGOTIATIONS WAS "TO CREATE LONG-TERM GUARANTEES FOR REPAYMENT OF DEBTS TO LENDING COUNTRIES... SWEDEN'S BEHAVIOR IN THESE NEGOTIATIONS PROCEEDS FROM GOVERNMENT'S VIEW THAT THIS IS ONLY WAY OF EFFECTIVELY CONTROLLING THAT CHILE'S DEBTS TO US ARE PAID."

4. IN EARLIER DISCUSSION WITH EMBOFF OF QUESTION OF PAKISTAN/BANGLADESH DEBT RESETTLEMENT, MFA CHIEF OF BILATERAL AID, THORD PALMLUND REMARKED THAT GOS RECOGNIZES DEBT SERVICE TO BE A SERIOUS PROBLEM FOR LDC'S. AS A MATTER OF PRINCIPLE, HE SAID, IT SUPPORTS LONG-TERM RESCHEDULING OF DEBTS. CURRENT SWEDISH LEGISLATION GIVES GOS WIDE LATITUDE IN MATTER OF LONG-TERM RESCHEDULING. (STOCKHOLM 3769). STRAUSZ-HUPE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, DEBT REPAYMENTS, BANK CONSORTIUMS, NEGOTIATIONS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
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**Office:** ACTION EB  
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**Status:** NATIVE  
**Subject:** WORLD BANK PROPOSAL FOR INDIA DEBT RESCHEDULING  
**TAGS:** EFIN, IN, SW, IBRD  
**To:** STATE  
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